



CITY COUNCIL AGENDA ITEM

March 4, 2014

TO: Brian M. Kischnick, City Manager

FROM: Tom Darling, Director of Financial Services

SUBJECT: Public Hearing to Receive Public Input on the City of Royal Oak Hospital Finance Authority Utilizing Tax-Exempt Bonds for William Beaumont Hospital – Troy
(Introduced by: Lisa Hagan, Miller Canfield & Nick Vitale, CFO, Beaumont Hospital)

As required by the Internal Revenue Code of 1986, as amended (the “Code”) the City of Troy is holding a public hearing to receive public input in advance of authorizing the City of Royal Oak Hospital Finance Authority to issue bonds that will be used to refund bond the proceeds of which were used to construct, acquire, renovate, equip, rehabilitate and/or improve the hospital facility of William Beaumont Hospital in the City of Troy.

It should be noted that approval of the issuance of bonds by the City of Royal Oak Hospital Finance Authority for the benefit of the City of Troy will not have any effect on the ability of the City of Troy to issue bonds, nor will it involve any liability to the City of Troy for the bonds.

MILLER CANFIELD

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February 27, 2014

Brian Kischnick, City Manager
City of Troy
500 West Big Beaver
Troy, Michigan 48084

via e-mail to: b.kischnick@troy.mi.gov

RE: City of Royal Oak Hospital Finance Authority – William Beaumont Hospital

Dear Mr. Kischnick:

William Beaumont Hospital is anticipating a financing through the City of Royal Oak Hospital Finance Authority utilizing tax-exempt bonds. Miller Canfield is acting as bond counsel with respect to the bonds. Although all of the bonds will be issued by the City of Royal Oak Hospital Finance Authority, as permitted by State law, a portion of the proceeds of the bonds will be used to refund bonds the proceeds of which were used to construct, acquire, renovate, equip, rehabilitate and/or improve the hospital facility of William Beaumont Hospital in the City of Troy.

As required by the Internal Revenue Code of 1986, as amended (the “Code”), the City of Royal Oak must hold a public hearing and permit the issuance of the bonds. In addition, the Code requires, when proceeds of the bonds will be used outside of the jurisdiction issuing the bonds, that such other jurisdiction also hold a public hearing and authorize the issuance of the bonds.

To meet the requirements of the Code, we would like to request being placed on your City Council agenda for your March 17, 2014 meeting for the purpose of conducting a public hearing and approving the issuance of the bonds by the City of Royal Oak Hospital Finance Authority. I am attaching a draft of the notice that will be released for publication later this week. I am also attaching a draft of the proposed resolution that the City Council will consider. The format of the resolution is identical to resolutions that the City Council passed in 2011 and in other past years for financings of William Beaumont Hospital through the City of Royal Oak Hospital Finance Authority.

The approval of the bonds by the City Council of the City of Troy is solely for the purpose of meeting the public approval requirements of the Code. Such approval will not have any effect on the ability of the City of Troy (or affiliates) to issue bonds and will not involve any liability to the City of Troy (or affiliates).

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

Mr. Brian Kischnick

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February 27, 2014

Please let me know if you have any questions and confirm that we can be placed on your agenda for your March 17, 2014, City Council meeting. A representative of William Beaumont Hospital and a representative of Miller Canfield will attend your meeting to address any questions you or the members of the public may have about the bond issuance.

Very truly yours,

Miller, Canfield, Paddock and Stone, P.L.C.

By: /s/ Kristin E Nied

Kristin E. Nied

Enclosure

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02/26/14 6:23 PM

NOTICE OF PUBLIC HEARINGS ON THE ISSUANCE
BY THE CITY OF ROYAL OAK HOSPITAL FINANCE AUTHORITY
OF HOSPITAL REVENUE REFUNDING BONDS
FOR THE BENEFIT OF WILLIAM BEAUMONT HOSPITAL

NOTICE IS GIVEN that the City Commission of the City of Royal Oak will hold a public hearing at 7:30 p.m., in the Commission Chambers of City Hall, 211 S. Williams Street, Royal Oak, Michigan on March 17, 2014, that the City Council of the City of Sterling Heights will hold a public hearing at 7:30 p.m. in the City Hall Council Chambers, 40555 Utica Road, Sterling Heights, Michigan on March 18, 2014, that the City Council of the City of Troy will hold a public hearing at 7:30 p.m. in the City Council Chambers, City Hall, 500 W. Big Beaver, Troy, Michigan on March 17, 2014, and that the City Council of the City of Grosse Pointe will hold a public hearing at 7:00 p.m. in the City Council Chambers, 17147 Maumee Avenue, Grosse Pointe, Michigan on March 17, 2014, each on the proposed issuance of one or more series of hospital revenue refunding bonds (the "Bonds") by the City of Royal Oak Hospital Finance Authority (the "Authority") for the benefit of the William Beaumont Hospital (the "Hospital").

The Bonds will be issued under Internal Revenue Code Section 145 as qualified 501(c)(3) bonds for the purpose of refinancing hospital facilities and other capital improvements and expenditures by refunding two series of tax-exempt bonds previously issued for the benefit of the Hospital by the Authority, the proceeds of which were used to finance or refinance the purchase of hospital facilities of the Hospital located at 468 Cadieux Road, Grosse Pointe, MI (the "Grosse Pointe Campus"); to fund various capital improvements and expenditures used for hospital purposes to the hospital facilities at the Grosse Pointe Campus and at the following locations (collectively (other than the West Bloomfield Campus), the "Projects"): 3601 West Thirteen Mile Road, Royal Oak, MI (the "Main Hospital Campus"), 44201 Dequindre Road, Troy, MI (the "Troy Campus"), 6900 Orchard Lake Road, West Bloomfield, MI (the "West Bloomfield Campus"), 1350 Stephenson Highway, Troy, MI (the "BIS Center"), and 44300 Dequindre Road, Sterling Heights, MI (the "Sterling Heights Campus"); to fund a portion of the interest to accrue on bonds; to pay costs related to interest rate swaps; and to pay costs of issuing bonds. Proceeds of the Bonds may also be used to fund a debt service reserve fund for the Bonds and to pay the costs of issuing the Bonds.

The Projects consist of the following: (a) the construction and equipping of heart center, a parking structure, a critical care tower and a four level addition to the hospital facility at the Main Hospital Campus and the renovation of the north and central towers of the hospital facility at the Main Hospital Campus (b) the construction of a six level addition to and renovation of the hospital facility at the Troy Campus (c) the construction and equipping of a facility for data processing at the BIS Center, and (d) the construction of an ambulatory care center at the Sterling Heights Campus.

The Grosse Pointe Campus, the Main Hospital Campus, the Troy Campus, the BIS Center and the Sterling Heights Campus are owned and operated by the Hospital, a nonprofit corporation. The West Bloomfield Campus was sold to a private developer in 2006 and the bonds related to such facility were paid in full.

The Authority proposes to issue the Bonds in one or more series in an aggregate principal amount of not to exceed Five Hundred Fifty Million Dollars (\$550,000,000). The Bonds shall be limited obligations of the Authority payable only from loan repayments to be made by the Hospital to the Authority and other security provided by the Hospital. The Bonds will not constitute an indebtedness of the State of Michigan or the aforementioned municipalities within the meaning of any constitutional or statutory provision and will not constitute or give rise to a charge against the general credit of the Authority or the credit or taxing power of the State of Michigan or the aforementioned municipalities. The Authority has no taxing power. The public hearing will provide an opportunity for interested persons to be heard. Written comments will be accepted by each City Clerk but must be received on or before the date of hearing. The hearing will provide the fullest opportunity for expression of opinion, for argument on the merits, and for introduction of documentary evidence pertinent to the proposed Bond issue.

Dated: March 3, 2014

/s/ Don Johnson

Don Johnson
Chairperson, City of Royal Oak
Hospital Finance Authority
211 Williams Street
Royal Oak, Michigan 48068
(248) 246-3030

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